Government of Saskatchewan

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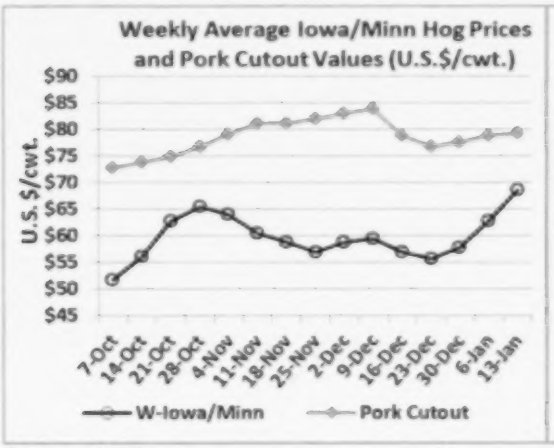
Weekly Hog Report

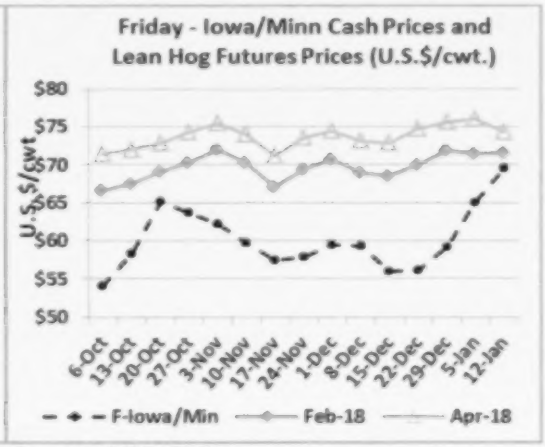
January 15, 2018

Cash Slaughter Weight Hog Prices

United States daily average slaughter weight cash hog prices (Iowa/Minn) edged higher last week with prices increasing, week-over- week. Hog prices have moved higher the last few weeks. Hog prices on Friday January 12 averaged US$69.42 per cwt, up US$4.39 per cwt or 6.7 per cent from US$65.03 per cwt the previous Friday. The negotiated weekly base price last week averaged US$68.50 per cwt, up US$5.80 per cwt or 9.2 per cent from US$62.70 per cwt the previous week.



Source: LMIC



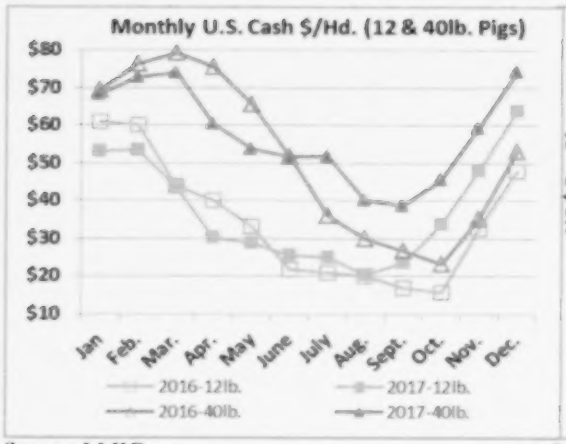
Source: LMIC, CME

Futures Markets

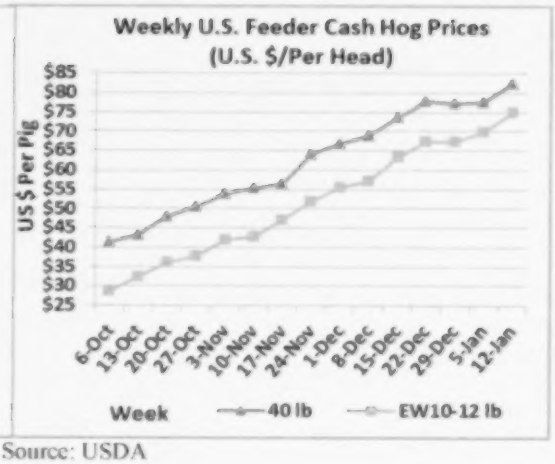
United States lean hog futures daily prices were mixed last week with noticeable losses Thursday to push some prices lower. The nearby February contract increased US$0.150 per cwt to settle last Friday at US$71.575 per cwt; while the April 2018 contract declined US$1.750 per cwt to settle last Friday at US$74.325 per cwt.

Cash Feeder Hog Prices

North American (Iowa) iso-wean (10-12lb) cash hog prices and feeder (40lb) cash hog prices had strong gains last week to help weekly average prices move higher. Weighted average cash prices for iso-weans (12lb) last week were US$74.91 per head, up US$5.17 per head or 7.4 per cent from US$69.74 per head the previous week. Feeders (40lb) averaged US$82.20 per head, up US$4.64 per cwt or 6.0 per cent from US$77.56 per head, the previous week. Feeder prices in 2017 had another roller coaster ride falling in the first quarter of 2017, before rallying in the fourth quarter of 2017 and start of 2018.



Source: LMIC

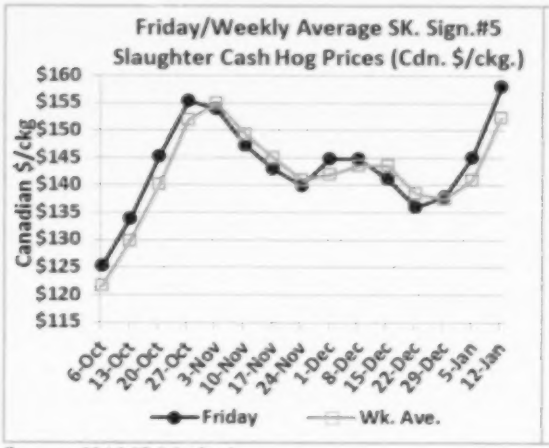


Source: USDA

Canadian Hog Markets

In Canada, the Signature#5 (Maple Leaf) Index 100 daily price for Friday January 12, 2018 was $157.97 per ckg, up $13.01 per ckg from $144.96 per ckg the previous Friday, and up almost $17 per ckg since December 15, 2017. Signature#5 weekly prices (Friday to Thursday) averaged $152.33 per ckg the week ending January 12, 2018; up $11.42 per ckg from the previous weeks' average price of $140.91 per ckg. Hogs prices in December were close to the five year average but below the highs in 2014. Average prices in 2017 were higher than 2016 but were overall slightly below the five-year average.

The Canadian dollar compared to the U.S. dollar increased by over two cents since December 15, before declining last week to settle last Friday at 79.97 cents, down 0.66 cents from 80.63 cents the previous Friday.



Source: HAMS Marketing

Source: Est. based on weekly prices HAMS

Canadian Hog Slaughter

In Canada, federal and provincial hog slaughter numbers for 2017 were estimated at 21,600,210 head, up 1.6 per cent from the 2016 hog slaughter numbers. Hog slaughter numbers in Eastern Canada were estimated at 12,741,053 head (+2.1%) compared to

8,859,157 head (+0.9%) in Western Canada. Hog slaughter numbers increased by 258,869 head in Eastern Canada; more than in the West. (Source: AAFC/CFIA)

United States Hogs Slaughtered

U.S. hogs slaughtered under federal inspection for the week ending January 13 were estimated at 2.450 million head, up 15.0 per cent from 2.130 million head the previous shorter week, and up 2.9 per cent from 2.381 million head the same week a year ago. Weekly U.S. hog slaughter numbers over the last eight weeks have averaged 2.370 million head, up 3.3 per cent from 2.294 million head over the same period a year ago. U.S. hog slaughter numbers for 2017 were estimated to total 120.5 million head, up 3.0 per cent from almost 117.0 million head in 2016.

Meat Production

U.S. pork production for the week ending January 13, 2018 was estimated at 522.5 million lb., up 14.8 per cent from 455.3 million lb. the previous shorter week, and up 2.9 per cent from 507.9 million lb. the same week a year ago. Pork production over the last eight week's ending January 13 was estimated to average 506.5 million lb., up 4.3 per cent from 485.5 million lb. over the same four week period a year ago.

U.S. beef production for the week ending January 13, 2018 was estimated at 510.6 million lb., up 13.1 per cent from 451.3 million lb. the previous shorter week, and up 1.1 per cent from 5054.1 million lb. the same week a year ago.

Combined production of U.S. beef, pork, chicken and turkey over the four weeks ending January 6, 2018, was estimated to average 1.994 billion lb., up 1.4 per cent from 1.966 billion lb. over the same four weeks a year ago. Based on the weekly production numbers U.S. meat production for 2017 increased an estimated 2.3 per cent from 2016 with the largest annual increases from beef (+4%) and pork (+3%).

United States Weekly Meat Production

(Jan.6) Four Week Average - Million Lb.			Percent Change	
	2016/17	2017/18	4 Week	2017
Pork	466.1	494.6	6.1%	3.0%
Beef	465.9	475.4	2.1%	4.0%
Chicken	919.9	911.0	-1.0%	1.5%
Turkey	114.5	112.8	-1.4%	0.0%
Total	**1,966.4**	**1,993.9**	**1.40%**	**2.32%**

Source: LMIC

Cutout Values

U.S. national pork cutout values for the week ending January 13, 2018 averaged US$79.25 per cwt, up US$0.53 per cwt or 0.7 per cent from US$78.72 per cwt the previous week; but down 0.6 per cent from US$79.73 per cwt from the same week a year ago.

Choice beef cutout prices (600-900 lb.) for the week ending January 13, 2018 averaged US$209.61 per cwt over the week, up US$1.63 per cwt from US$207.98 per cwt the previous week, and up 9.2 per cent from US$192.00 per cwt the same week a year ago.

Average chicken cutout values (breast) for the week ending December 16, 2017 averaged US$103.83 per cwt, up US$2.03 per cwt or 2.0 per cent from US$101.80 per cwt the previous week, and up 5.6 per cent from US$98.34 per cwt the same week a year ago.

Meat In U.S. Cold Storage

USDA released the latest U.S. cold storage numbers on December 22, 2017. The United States' pork stocks in cold storage totaled 505.0 million lb. on November 30, 2017, down 15.6 per cent from 598.4 million lb. on October 31, 2017, and down 2.7 per cent from 518.8 million lb. on November 30, 2016. U.S. pork stocks in cold storage for Nov. 30, 2017 were just above the monthly 12-year average; but below the monthly 12-year highs.

United States Stocks in Cold Storage (Frozen)

1,000 Pounds			
Commodity	**30-Nov-2016**	**31-Oct-2017**	**30-Nov-2017**
Pork	518,813	598,374	504,975
Beef	530,953	507,047	486,954
Chicken	790,952	874,208	897,443
Turkey	236,862	460,856	289,266
Total Combined	**2,077,580**	**2,440,485**	**2,178,638**

Source: NASS

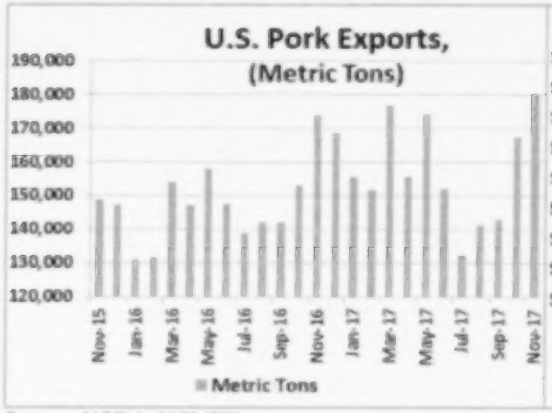
The U.S. beef stocks in cold storage totaled 487.0 million lb. on November 30, 2017, down 4.0 per cent from 507.0 million lb. on October 31, 2017, and down 8.3 per cent from 531.0 million lb. on November 30, 2016. Beef stocks in cold storage for Nov. 30, 2017 were above the monthly 12-year average; but below the monthly 12-year highs.

Total pork, beef, chicken and turkey in cold storage on November 30, 2017 was estimated to be 2.179 billion lb., down 10.7 per cent from October 31, 2017, but up 4.9 per cent from November 30, 2016. U.S. meat in cold storage for November 30, 2017 was above the 12-year average, but below the previous monthly 12-year record highs of 2.503 billion lb. established as of September 30, 2017.

United States Pork Exports

United States pork exports in November 2017 moved higher from October and were higher than any month over the last two years. United States exported 180,330 metric tons of pork in November 2017, up 7.8 per cent from 167,323 metric tons in October 2017, and up 3.8 per cent from 173,770 metric tons in November 2016. U.S. pork exports by volume for November 2017 versus 2016 were higher to South Korea (+34%), Japan (+4%), Australia (+30%) and South America (+13%); but lower to Mexico (-3%) and Canada (-8%)

By dollar amount, U.S. pork exports in November 2017 were US$511.8 million, up 10.7 per cent from US$462.1 million in October 2017, and up 6.4 per cent from US$481.0 million dollars in November 2016. Year-to-date, for the first eleven months including November; U.S pork exports were $4.484 billion, up 7.8 per cent compared to the same period a year ago.



Source: USDA, USMEF

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USDA Hogs and Pigs Report

USDA released the December *Hogs and Pigs Report* on December 22, 2017. Total U.S. hog inventory numbers as of December 1, 2017, was estimated at 73.230 million head, up 2.4 per cent from 71.545 million head on December 1, 2016, but down slightly from 73.299 million head as of September 1, 2017. The total annual inventory increase from December 2016 was 2.4 per cent which was above the 2.0 per cent average increase estimated by the trade analysts.

Breeding herd inventory numbers in the United States as of December 1, 2017, was estimated at 6.179 million head, up 1.1 per cent from 6.110 million head on December 1, 2016, and up 1.0 per cent from 6.117 million head on September 1, 2017. Breeding herd numbers were slightly higher than the trade analyst estimates of 0.8 per cent growth.

United States Hog Inventory Numbers, (1,000 head)

	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Sept.-Dec.	Y/Y(Dec.)
All Hogs & Pigs	69,281	71,786	71,545	70,701	71,010	73,299	73,230	**-0.09%**	**2.36%**
Kept for breeding	5,979	6,016	6,110	6,098	6,109	6,117	6,179	**1.01%**	**1.13%**
Market	63,302	65,770	65,435	64,603	64,901	67,182	67,051	**-0.19%**	**2.47%**
Market Hogs									
Under 50 lbs	20,356	21,215	20,887	20,407	20,647	21,568	21,447	**-0.56%**	**2.68%**
50-119 lbs	18,198	19,271	18,102	17,862	18,741	19,626	18,549	**-5.49%**	**2.47%**
120-179 lbs	13,291	13,600	13,786	14,435	13,646	13,919	14,105	**1.34%**	**2.31%**
180 lbs & Over	11,456	11,683	12,660	11,899	11,867	12,069	12,949	**7.29%**	**2.28%**

Source: December 22, 2017 USDA Hogs & Pigs Report

Market herd inventory numbers in the United States as of December 1, 2017, was estimated at 67.051 million head, up 2.5 per cent from 65.435 million head on Dec. 1, 2016, but down slightly from 67.182 million head on September 1, 2017. Trade analysts were estimating market inventory numbers to increase by 2.1 per cent (year/year); below what was reported by USDA.

United States, Sows Farrowing and Intentions, Pigs Born

Quarterly Sows Farrowing and Intentions				Quarterly Pigs Born		
	Thousand Head			Thousand Head		
Quarter	2016	2017	2018	2015	2016	2017
Dec - Feb (1)	2,927	2,986	3,070 (1)	29,627	30,139	31,146
Mar - May	2,968	3,014	3,083 (2)	29,593	31,097	31,790
June - Aug	3,057	3,103		31,343	32,331	33,054
Sept - Nov	3,046	3,109		30,848	32,372	33,399
TOTAL	11,998	12,212		121,411	125,939	129,389

(1) December preceeding year.
(2) Farrowing Intentions.
Source: USDA Hogs and Pigs Report, December 22, 2017.

Sow farrowing numbers for the September-to-November 2017 period totaled 3.109 million head, a 2.1 per cent increase from 3.046 million head farrowed the same quarter a year ago, which was above the 1.0 percent increase estimated by trade analysts.

USDA reported farrowing intentions for the December-to-February 2018 period were estimated at 3.070 million head, an increase of 2.8 per cent from the same quarter a year ago. Trade analysts were projecting only a 1.1 per cent increase for farrowing intentions; noticeably smaller than USDA's estimates.

USDA estimated the September-to-November 2017 pig crop at 33.399 million head, a 3.2 per cent increase from the same quarter in 2016. Trade analysts were estimating only a 2.0 per cent increase in the pig crop for the period. Pigs saved per litter were 10.74 pigs, up 1.03 per cent from 10.63 pigs the same quarter a year ago; in line with the increase of 1.0 per cent estimated by trade analysts.

The *USDA Hogs and Pigs Report* numbers in general were above the average trade analyst numbers. The big differences from the trade analyst numbers were the higher September-to-November 2017 pig crop and projected December-to-February 2018 farrowing estimates. The market inventory numbers for the hogs weighing under 50 lbs. and 50-119 lbs. were also higher than trade analyst estimates. While the numbers were overall bearish and the general trend continues to be for increased growth in the U.S. hog industry; markets are overall higher since the report came out. Higher U.S. hog slaughter capacity and improved U.S. pork exports in November have likely helped to reduce the negative effect of the report.

For more information contact:

Brad Marceniuk, PAg, MSc, BSA
Provincial Livestock Economist
(306) 933-5098
brad.marceniuk@gov.sk.ca